

¹Internetworking Atlantic Inc. – Teaching Note

Conor Vibert developed this teaching note to guide the use of the multimedia case entitled Internetworking Atlantic for instructional purposes. It is not the purpose of this material to serve as an illustration of how to effectively or ineffectively address a managerial situation.

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SUMMARY

Internetworking Atlantic Inc. (IAI) owns and operates several fibre-optic networks in Atlantic Canada and provides telecommunications services to commercial clients. Its President, Bruce MacDougall is in an envious situation. It is 2009 and his company has a lot of cash on hand. He would like to grow the company and has three options. The case focuses on MacDougall's options for growth and why he might choose one path into the future as opposed to another. Advice is being sought as to how to proceed in resolving this real life issue. Students are offered access to a set of transcribed video clips that outline the issue and its cause along with providing context for the issue. In order to arrive at alternative solutions and justify their choice of a solution, students are expected to use sources of information not found in the case.

KEYWORDS: SME, Growth Strategy, Data Centre, Knowledge-based Company, Telecommunication Industry.

CASENET VIDEOS

Each video in this multimedia case features a segment of an interview with one of the organization's key decision makers. The videos describe:

1. the *Issue* facing the individual or organization
2. the *Cause* of the issue
3. *Background* information for the individual, organization and industry
4. *Alternatives* for addressing the issue
5. A suggested *Solution* and justification

Transcriptions for each video are also available. Students may not access the *Alternatives* and *Solution* videos or transcripts.

OBJECTIVES FOR TEACHING

There are a number of instructional uses for this case.

¹ The Author wishes to thank Bruce MacDougall of Internetworking Atlantic Ltd. for his support of this project.

- It may be used to improve student knowledge of telecommunications and knowledge-worker-based firms.
- It may be used to improve student knowledge of internet equipment and data centres.
- It can serve as an excellent teaching vehicle to help students understand the role played by emerging technology in a mature industry.
- It can help instructors illustrate the options for growth and survival facing a small business competing against large corporations and other smaller ones.
- It illustrates decision making challenges facing entrepreneurs in industries characterized rapidly evolving technology.

POSSIBLE QUESTIONS FOR ASSIGNMENTS

For the issue outlined in the case, students can be asked to identify a set of alternatives available to organization or interviewee, suggest a solution and then explain why they chose that solution and not others. Other questions that will help students prepare for their case analysis include:

1. What is IAI’s current situation?
2. What is IAI’s core competency
3. Which factors should Bruce MacDougall consider when pondering his options?

POSSIBLE TEACHING STRATEGY

This case is ideal for in-class case analysis or as an assignment. Assuming an 80 minute class, here is an approximate class schedule:

Time (minutes)	Task
5	Introduce case and divide students into groups.
15	Students view <i>Background</i> case videos and make notes.
5	Instructor plays the <i>Issue</i> and <i>Cause</i> clip(s).
25	Students identify alternatives, a solution and rationale.
20	Instructor guides a discussion around alternatives, solution and rationale.
10	Instructor plays the <i>Alternatives</i> and <i>Solution</i> clips.

If the case is used as an assignment, the instructor may want to focus assessment on:

- 1) **Decision-making process.** The instructor would evaluate writing style, appropriateness of information sources, alternatives, solution and rationale. This approach recognizes that the alternatives and solutions offered in the case are not necessarily optimal, and other choices may be equally effective. Students can be rewarded for their selection of decision making approaches, analytical frameworks and cited reference material.
- 2) **Outcomes.** The instructor would evaluate how closely student responses match those offered in the *Alternatives* and *Solution* video clips. Or, the instructor could use the insight of an existing research paper or analytical framework as the basis for judging outcomes.
- 3) **A combination of process and outcome.** The instructor may apportion the grade between process and outcomes.

POSSIBLE QUESTIONS FOR ASSIGNMENTS

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CASE ANALYSIS

Issue: The *Issue* and *Cause* video clips outline the problem or challenge of the case.

- At this point we have been fairly successful with the fiber optic service we have been providing. We have been doing it for 7 years. It has provided us with a little war chest so we have some money. We are looking at now what we have to do to continue. Do we continue in the same manner? What is the best path for growth for us? We are a very small company in a land of giants. We compete on the basis of the unique services and very personal touch. We know our customers by name. Our technical staff usually knows our customers by name, those are all advantages we have but once again we are a very small company in a land of giants. We are challenged sometimes by the regulatory environment. I joke with people for instance that Telus has a larger regulatory legal staff than my entire company so size is really a big part of that both from a capitalization perspective and from a competitive perspective.

1. What is IAI's current situation? One means to assess a current business situation is to undertake a SWOT analysis of Internetworking Atlantic Inc.

Strengths:

- IAI has an established client base
- IAI owns physical assets in the form of hundreds of kilometers of fibre optic cables in the Maritimes
- IAI has cash on hand

Weaknesses:

- IAI is a very small player in the telecommunications industry
- IAI current cash holdings are not most effectively utilized
- IAI does not offer all of the services that its clients are currently requesting

Opportunities:

- The market for Data Centre services in the Maritimes does not appear to be well served by existing providers.
- A competitor of IAI in the telecommunications business does not offer Data Centre services to its clients.
- A second major competitor of IAI offers data center services only to clients who use its telecommunications services.
- Other existing competitors in the data centre business do not own fibre-optic network assets

Threats:

- Being underserved, the threat of new entrants into the Data Centre or storage market is probably high. Many large companies have the knowledge to operate Data Centers. The existence of large new entrants could pull existing and future revenues away from IAI.

2. What is Internetworking-Atlantic's core competency?

- It offers flexible, customized and dependable optical communication services in a market that is served primarily by one other very large competitor.

Alternatives:

Effort focused on research coupled with analysis should enable students to present a series of options. These can be compared to the options offered by the interviewee which are also summarized below and found in the *Alternatives* video clip.

- Internetworking-Atlantic has three options. These include doing nothing and continuing to reap revenues from existing fibre-optic network assets, building new high speed cable assets, or entering a new line business which in this instance would be creating a Data Center.

3. Which factors should Bruce MacDougall consider when pondering his options?

IAI's existing clients are requesting complementary services. Currently no one company in the Maritimes is offering both direct optical network services and Data Centre services that are not bundled. IAI should consider the availability of favourable financing terms from lenders

In the discussion, an instructor may want to pull up images from the internet using a Google search with the terms such as 'fibre optic map Atlantic Canada'. 'or 'fibre optic map Nova Scotia' The different images should offer insight about where the current cable lies in the region. An instructor might also want to explore the costs of building a fibre optic network, again using Google and such terms such as 'fibre optic network building costs.' A simple Google search on terms such as 'data center costs' will yield a lot of easily accessible information that

can be used for classroom discussion. If a Data Centre is the route chosen then the discussion can move to one of build versus buy. For instance, a commercial website, The Cloud Calculator <http://www.thecloudcalculator.com> might be useful here as an information source for discussion purposes. Many larger companies also offer co-location services.

Solution:

The *Solutions* video clip offers the interviewees' solution to the issue along with a rationale. A summary of the response is highlighted below, this can be compared to the student response and explanation.

- Internetworking Atlantic Inc. should enter a new line of business in the form of creating a Data Centre to complement its existing line of product and service offerings

SUGGESTED COURSES

This case was created for undergraduate business students. We suggest that it would be suitable for a number of courses. These courses include:

- Introduction to Management
- Small Business Management
- Entrepreneurship
- Business Strategy
- Management of Technology

ADDITIONAL RESEARCH

The case offers students opportunities to undertake interesting additional research.

Students may want to delve deeper into how managers make decisions. Classic approaches to decision making include works by Cyert and March (1963) and Tversky and Kahnemann (1974).

Students interested in learning more about industries in general might make use of numerous online information sources some of which are noted below.

High Beam Business, <http://business.highbeam.com/industry-reports>, Industry Overviews

Plunkett Research, <http://www.plunkettresearch.com/>, Industry Overview

Value Line, <http://www.valueline.com/Stocks/Industries.aspx>, Industry Overviews

Other important sources include:

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